

EAST BATON ROUGE PARISH CLERK OF COURT**BATON ROUGE, LOUISIANA**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/26/11

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Management's Discussion and Analysis	5-9
Basic Financial Statements:	
Government Wide Financial Statements:	
Statements of Net Assets	10
Statements of Activities	11
Fund Financial Statements:	
Balance Sheets-Governmental Fund	12-13
Statements of Revenues, Expenditures And Changes In Fund Balance-Governmental Fund	14-15
Statements of Fiduciary Net Assets-Agency Funds	16-17
Notes To The Financial Statements	18-31
Required Supplementary Information:	
Budgetary Comparison Schedules-General Fund (Salary Fund)	32-33
Schedule of Funding Progress for East Baton Rouge Parish Clerk of Court's OPEB Plan	34
Schedule of Findings and Responses	35-36
Schedule Of Prior Year Findings and Responses	37



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INDEPENDENT AUDITORS' REPORT

Honorable Doug Welborn
East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the East Baton Rouge Parish Clerk of Court, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These basic financial statements are the responsibility of the East Baton Rouge Parish Clerk of Court's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Due to the East Baton Rouge Parish Clerk of Court's inability to reconcile the individual suit balances in its Advance Deposit Fund with the corresponding unsettled deposits liability of \$30,363,503 and \$28,514,550 recorded on its statement of fiduciary net assets at June 30, 2010 and 2009, we were unable to satisfy ourselves, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in this fund at June 30, 2010 and 2009. These account balances, which are recorded in the Advance Deposit Fund, represented approximately 11% and 60% and 11% and 64% of the total fiduciary funds' assets and liabilities, respectively, at June 30, 2010 and 2009. The effect on the financial statements of not reconciling these individual suit balances cannot be reasonably determined.

In our opinion, except for the effects of any adjustments that might be required with respect to the Advance Deposit Fund discussed in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the financial position of the East Baton Rouge Parish Clerk of Court, as of June 30, 2010 and 2009, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010, on our consideration of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplemental information on pages 5 through 9 and 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Chester & Associates, LLC

Baton Rouge, Louisiana
December 29, 2010

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Member of:
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Society of Louisiana
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Doug Welborn
East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

We have audited the financial statements of the governmental activities, and the aggregate remaining fund information of the East Baton Rouge Parish Clerk of Court, as of and for the year ended June 30, 2010, which collectively comprise the East Baton Rouge Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 29, 2010. The report on the East Baton Rouge Clerk of Court was qualified because we were unable to satisfy ourselves as to the reasonableness of the accounts receivable and unsettled deposit balances recorded in the Advance Deposit Fund at June 30, 2010 and 2009. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Baton Rouge Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as Finding 1 and 2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The East Baton Rouge Parish Clerk of Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the East Baton Rouge Parish Clerk of Court's response and, accordingly, we express no opinion on it.

This report is intended for the information of the East Baton Rouge Parish Clerk of Court, management of the East Baton Rouge Parish Clerk of Court, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Chester & Associates, LLC

Baton Rouge, Louisiana
December 29, 2010

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

Our discussion and analysis of the East Baton Rouge Parish Clerk of Court's (hereafter referred to as the Clerk) financial performance provides an overview of the Clerk's financial activities for the fiscal year ended June 30, 2010. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Clerk's financial position, identify any material deviations from the approved budget, and identify individual concerns.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2010, the Clerk's net assets decreased by \$1,795,643, and resulted in ending net assets of \$3,828,202, or a decrease of 32 percent from 2009.

Total spending for the business-type activity was \$14,815,665 for the year, which was \$1,795,643 more than the fees and costs charged and the contributions received for this activity, \$13,020,023.

The interest earned on checking accounts and investments in certificates of deposit was \$290,267 for the year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statements of Net Assets and the Statements of Activities found on pages 10 and 11 provide information about the financial activities of the Clerk and illustrate a longer-term view of the Clerk's finances. Fund financial statements start on page 12. For business-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the Clerk's operations in more detail than the government-wide statements by providing information about the Clerk's significant funds.

The Clerk's independent auditors attest in their report that the Basic Financial Statements are fairly stated. The auditors are providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditors' report.

REPORTING THE CLERK AS A WHOLE, THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the Clerk as a whole begins on page 10. These statements help to illustrate the status of the Clerk resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The Clerk's net assets are determined by examining the difference in assets and liabilities. The two statements report the Clerk's net assets and any changes in them. Examining the Clerk's net assets is an effective way to

determine the financial status of the Clerk. Increases and decreases in net assets are an indicator of the Clerk's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, the Clerk reports only business-type activities. The majority of the Clerk's activities are of this type, and costs and fees for services to the public finance most of the activities.

REPORTING THE CLERK'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the Clerk's major funds begins on page 12. The fund financial statements provide detailed information about the most significant funds rather than the Clerk as a whole. In the operation of the Clerk's office, some funds are established and governed by Louisiana Revised Statutes. Fiduciary funds are an example of this type of fund, which includes the Advance Deposit Fund, the Registry of the Court Fund, and the Bond Fund. Other funds of the Clerk have been established within the office's accounting system to aid in management and to designate funding for specific purposes.

The Clerk uses a governmental type fund. Most of the Clerk's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statement.

The Clerk is the trustee, or fiduciary, for other assets that, because of their fiduciary nature, can be used only for the trust beneficiaries. All of the Clerk's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 16. We exclude these activities from the Clerk's other financial statements because the Clerk cannot use these assets to finance its operations. The Clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CLERK AS A WHOLE

BUSINESS-TYPE ACTIVITY

The Clerk's net assets decreased \$1,795,643 as a result of this year's operations resulting in ending net assets of \$3,828,202, or a decrease of 32 percent. The balance in net assets represents the accumulated results of all past years' operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) changed from a \$2,871,746 surplus to a \$1,655,422 surplus at year-end. The Clerk can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$1,655,422 left.

Table 1
Net Assets

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 6,014,106	\$ 6,554,635
Capital assets	<u>2,172,780</u>	<u>2,752,099</u>
Total assets	<u>8,186,886</u>	<u>9,306,734</u>
Other liabilities	<u>4,358,684</u>	<u>3,682,889</u>
Total liabilities	<u>4,358,684</u>	<u>3,682,889</u>
Net assets:		
Invested in capital assets	2,172,780	2,752,099
Unrestricted	<u>1,655,422</u>	<u>2,871,746</u>
Total net assets	<u>\$ 3,828,202</u>	<u>\$ 5,623,845</u>

The Clerk's total revenues for the year increased \$521,111 or 4 percent. This included \$12,434,920 in charges for services and licenses and permits, \$292,349 in operating contributions, and \$292,754 in interest income and miscellaneous income. The total cost of all programs and services was \$14,815,665 with no new programs added this year.

Table 2
Changes in Net Assets

	<u>2010</u>	<u>2009</u>
Revenues		
Program revenues	\$ 12,434,920	\$ 11,812,453
Other revenues	<u>585,103</u>	<u>686,459</u>
Total revenues	<u>\$ 13,020,023</u>	<u>\$12,498,912</u>
Program expenses		
Total expenses	<u>14,815,665</u>	<u>15,127,729</u>
Increase (decrease) in net assets	<u>\$(1,795,643)</u>	<u>\$(2,628,817)</u>

THE CLERK'S FUNDS

As previously mentioned, the Clerk uses funds to help control and manage money for particular purposes. At the completion of the year, the Clerk's governmental fund reported a fund balance of \$4,633,141. This reflects a decrease of \$576,243 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Clerk's budget was revised once during the last year.

The actual expenditures were \$483,815 under the final budgeted amounts.

On the other hand, resources available for expenditure were \$248,607 above the final budgeted amount.

The Clerk's General Fund balance of \$4,633,141 reported on page 12 differs from the General Fund's budgetary fund balance of \$3,900,719 reported in the budgetary comparison schedule on page 32.

CAPITAL ASSETS

At the end of the year, the Clerk has \$2,172,780 invested in capital assets, including furniture, equipment, and improvements. This year there were additions of \$99,342 and disposals of \$144,361, reflecting a net decrease in capital assets of \$45,019. More detailed information about the Clerk's capital assets is presented in Note 5 of the financial statements.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation)

	<u>2010</u>	<u>2009</u>
Furniture, equipment, and improvements	<u>\$2,172,780</u>	<u>\$2,752,099</u>

DEBT

At year-end, the Clerk had no debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Clerk has limited discretion in setting fees and costs for services provided, the majority of which are regulated by Louisiana Revised Statutes. The office staff and operating costs have been largely stable for the past several years, and are expected to remain so.

During fiscal year 2010, the Clerk's office substantially completed its efforts to develop and implement an image solution for suits records, i.e. civil, probate, criminal, traffic, family, and juvenile. The office made this service available in March 2010. Current documents are being scanned from the "go-live" date forward. The office hopes to do some scanning of existing records, probate, family, and civil, as time and funds become available.

The Clerk's office will also be relocating part of its staff into the new courthouse building that is scheduled to be completed in fiscal year 2011.

The Clerk's office has continued its program of technology enhancements to the various functions and services provided by the office. As an example, the office will be purchasing a new telephone system for the entire office in fiscal year 2011.

The City of Baton Rouge/Parish of East Baton Rouge absorbs some of the operating expenses of the Clerk's office by providing office space for the Clerk.

The Clerk's office has continued to experience a significant decrease in fees in 2010 from previous years due, primarily, to the general economic climate. It is not anticipated that fees will decline further, but it does not appear that fees are returning to the levels achieved in prior years. The Clerk's office has undertaken some cost cutting measures and may have to undertake additional cuts if revenues decline during the current year. Taking all factors into consideration, the Clerk's general fund balance is expected to remain about the same by the close of fiscal year 2011.

CONTACTING THE CLERK'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Clerk's finances and to show the Clerk's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Doug Welborn, East Baton Rouge Parish Clerk of Court, Post Office Box 1991, Baton Rouge, Louisiana 70821.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009**

	BUSINESS-TYPE ACTIVITIES GENERAL FUND	
	2010	2009
<u>ASSETS</u>		
Assets:		
Cash	\$ 5,616,073	\$ 5,570,568
Certificates of deposit	-	300,000
Accounts receivable	323,992	617,507
Miscellaneous receivables	59,283	63,982
Due from other funds	14,758	2,579
Capital assets, net of depreciation	<u>2,172,780</u>	<u>2,752,099</u>
 Total assets	 <u>\$ 8,186,886</u>	 <u>\$ 9,306,734</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 513,994	\$ 617,257
Accrued insurance claims	368,243	240,401
Payroll withholdings and other accrued expenses	348,727	487,594
Other accrued expense	150,000	-
Annual leave payable	696,957	682,150
Net other postemployment benefit obligation	<u>2,280,763</u>	<u>1,655,488</u>
 Total liabilities	 <u>4,358,684</u>	 <u>3,682,889</u>
 Net assets		
Investment in capital assets	2,172,780	2,752,099
Unrestricted	<u>1,655,422</u>	<u>2,871,746</u>
 Total net assets	 <u>3,828,202</u>	 <u>5,623,845</u>
 Total liabilities and net assets	 <u>\$ 8,186,886</u>	 <u>\$ 9,306,734</u>

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>GENERAL GOVERNMENT</u>	
	<u>2010</u>	<u>2009</u>
<u>EXPENSES</u>		
Salaries, wages, and benefits	\$ 11,746,957	\$ 11,967,138
Materials and supplies	462,506	440,214
Depreciation expense	666,845	714,126
Travel	36,851	43,334
Operating services	<u>1,902,506</u>	<u>1,962,917</u>
 Total expenses	 14,815,665	 15,127,729
<u>REVENUES</u>		
Program revenues:		
Charges for services	12,370,407	11,765,323
Licenses and permits	<u>64,512</u>	<u>47,130</u>
 Total program revenues	 <u>12,434,920</u>	 <u>11,812,453</u>
 Net program (expense) revenue	 (2,380,745)	 (3,315,275)
General revenues:		
Grants and contributions	292,349	203,855
Unrestricted interest income	290,267	482,278
Miscellaneous	<u>2,487</u>	<u>326</u>
 Total general revenues	 <u>585,103</u>	 <u>686,459</u>
 Change in net assets	 (1,795,643)	 (2,628,817)
 Net assets-beginning of the year	 <u>5,623,845</u>	 <u>8,252,662</u>
 Net assets-end of the year	 <u>\$ 3,828,202</u>	 <u>\$ 5,623,845</u>

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
BALANCE SHEETS-GOVERNMENTAL FUND
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
<u>Assets:</u>		
Cash	\$ 5,616,073	\$ 5,570,568
Certificates of deposit	-	300,000
Accounts receivable	323,992	617,507
Miscellaneous receivables	59,283	63,982
Due from other funds	<u>14,758</u>	<u>2,579</u>
 Total assets	 <u>\$ 6,014,105</u>	 <u>\$ 6,554,635</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 513,994	\$ 617,257
Accrued insurance claims	368,243	240,401
Payroll withholdings and other accrued expenses	348,727	487,594
Other accrued expense	<u>150,000</u>	<u>-</u>
 Total liabilities	 <u>1,380,964</u>	 <u>1,345,251</u>
 Fund balance:		
Fund balance-Unreserved	<u>4,633,141</u>	<u>5,209,384</u>
 Total fund balance	 <u>4,633,141</u>	 <u>5,209,384</u>
 Total liabilities and fund balance	 <u>\$ 6,014,105</u>	 <u>\$ 6,554,635</u>

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
BALANCE SHEETS-GOVERNMENTAL FUND
JUNE 30, 2010 AND 2009**

Amounts reported for business-type activities in the statement of net assets are different because:

Capital assets used in business-type activities are not financial resources and therefore are not reported in the fund.

2,172,780 2,752,099

Annual leave payable may not be due in the current period and therefore, is not reported in the fund.

(696,957) (682,150)

Net other post employment benefit obligation is not due in the current period and, therefore, is not reported in the fund.

(2,280,763) (1,655,488)

Net assets of business-type activity

\$ 3,828,202 \$ 5,623,845

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEARS ENDED JUNE 30, 2010 AND 2009**

	GENERAL FUND (SALARY FUND)	
	2010	2009
<u>REVENUES</u>		
Charges for services	\$ 12,372,627	\$ 11,768,363
Licenses and permits	64,512	47,130
Miscellaneous	294,836	204,181
Interest income	290,267	482,278
Total revenues	13,022,242	12,501,952
<u>EXPENDITURES</u>		
Salaries, wages, and benefits	11,106,875	11,101,858
Materials and supplies	462,506	440,214
Travel	36,851	43,334
Operating services	1,892,911	1,965,957
Capital outlay	99,342	43,085
Total expenditures	13,598,485	13,594,449
Change in fund balance	(576,243)	(1,092,496)
Fund balance-beginning of the year	5,209,384	6,301,881
Fund balance-end of the year	\$ 4,633,141	\$ 5,209,384

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL ACTIVITY
YEARS ENDED JUNE 30, 2010 AND 2009**

	GENERAL FUND (SALARY FUND)	
	2010	2009
Net change in fund balance-governmental fund	\$ (576,243)	\$ (1,092,496)
Amounts reported for business-type activities in the statement of activities are different because:		
Increase in long-term obligation for compensated absences.	(14,807)	(38,761)
Increase in long-term obligation for net other postemployment benefits	(625,275)	(826,518)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in 2010 and 2009.	(567,503)	(671,041)
Loss on disposal of fixed assets	(11,815)	-
Change in net assets of the business-type activity	\$ (1,795,643)	\$ (2,628,817)

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUNDS
JUNE 30, 2010**

	ADVANCE DEPOSIT FUND	REGISTRY OF THE COURT FUND	BOND FUND	TOTAL (MEMORANDUM ONLY)
ASSETS				
Assets:				
Cash	\$ 6,679,513	\$ 18,342,498	\$ 2,064,144	\$ 27,086,155
Certificates of deposit	18,100,000	101,438	13,795	18,215,233
Accounts receivables	5,574,596	-	-	5,574,596
Miscellaneous receivables	24,152	-	-	24,152
Total assets	\$ 30,378,261	\$ 18,443,936	\$ 2,077,939	\$ 50,900,135
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	-
Due to other funds	14,758	-	-	14,758
Unsettled deposits	30,363,503	18,443,936	2,077,939	50,885,378
Total liabilities	30,378,261	18,443,936	2,077,939	50,900,135
Net assets				
Net assets	-	-	-	-
Total net assets	-	-	-	-
Total liabilities and net assets	\$ 30,378,261	\$ 18,443,936	\$ 2,077,939	\$ 50,900,135

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUNDS
JUNE 30, 2009**

	ADVANCE DEPOSIT FUND	REGISTRY OF THE COURT FUND	BOND FUND	TOTAL (MEMORANDUM ONLY)
ASSETS				
Assets:				
Cash	\$ 5,383,187	\$ 12,300,352	\$ 3,402,804	\$ 21,086,343
Certificates of deposit	18,100,000	101,098	13,790	18,214,888
Accounts receivables	5,020,546	-	-	5,020,546
Miscellaneous receivables	13,395	-	-	13,395
Total assets	\$ 28,517,129	\$ 12,401,450	\$ 3,416,594	\$ 44,335,173
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	-
Due to other funds	2,579	-	-	2,579
Unsettled deposits	28,514,550	12,401,450	3,416,594	44,332,594
Total liabilities	28,517,129	12,401,450	3,416,594	44,335,173
Net assets				
Net assets	-	-	-	-
Total net assets	-	-	-	-
Total liabilities and net assets	\$ 28,517,129	\$ 12,401,450	\$ 3,416,594	\$ 44,335,173

The accompanying notes are an integral part of these financial statements.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court (Clerk) serves as the ex-officio notary public and the parish recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk is elected for a term of four years.

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the East Baton Rouge Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent they do not conflict or contradict guidance of the GASB. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The Clerk is an independently elected official; however, the Clerk is fiscally dependent on the City of Baton Rouge/Parish of East Baton Rouge (City/Parish). The City/Parish maintains and operates the parish courthouse in which the Clerk's offices are located and provides funds for various expenditures of the Clerk's office. Because the Clerk is fiscally dependent on the City/Parish, the Clerk was determined to be a component unit of the City of Baton Rouge/Parish of East Baton Rouge, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Clerk and do not present information on the City/Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS

The Clerk's basic financial statements include both government-wide (reporting the Clerk's office as a whole) and fund financial statements (reporting the Clerk's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Clerk's general administrative services are classified as business-type activities.

In the government-wide Statement of Net Assets, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Statement of Net Assets includes all funds of the Clerk's office except for fiduciary funds. The Clerk's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Clerk first utilizes restricted resources to finance qualifying activities.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

The government-wide Statement of Activities reports both the gross and net cost of each of the Clerk's functions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of the Clerk as an entity and the change in the Clerk's net assets resulting from the current year's activities.

D. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS

The financial transactions of the Clerk are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds of the Clerk are classified into two categories: governmental (general fund) and fiduciary (agency funds). These funds are described as follows:

General Fund (Salary)

This fund accounts for all or most of the operations of the Clerk's office. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Clerk's office. The following is a description of the governmental fund of the Clerk:

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk's policies.

Agency Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Clerk's programs. The reporting focus is on net assets and changes in net assets are reported using accounting principles similar to proprietary funds. The Advance Deposit Fund, Registry of the Court Fund, and Bond Fund, are agency funds used to account for assets held as an agent for litigants pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

The emphasis in fund financial statements is on the major funds in the business-type activities categories.

The Clerk's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

E. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Business-type activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

F. BUDGET PRACTICES

The proposed budgets were made available for public inspection for the fiscal years beginning July 1, 2009, and ending June 30, 2010, and July 1, 2008, and ending June 30, 2009, on June 13, 2009, and June 14 2008, respectively, at the Clerk's office.

The proposed budgets, prepared on the modified accrual basis of accounting, were published in the official journal 15 days prior to the public hearings. Public hearings were held at the Clerk's office in room #179 on June 26, 2009, and June 27, 2008, for comments from taxpayers. The proposed budgets are legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments, if any.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

G. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Clerk has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Clerk may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

2. Investments:

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Clerk's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase.

3. Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Improvements	7 years
Furniture and Equipment	5-10 years

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

4. Revenues:

Substantially all governmental fund revenues are accrued.

5. Expenditures:

Expenditures are recognized when the related fund liability is incurred.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

6. Compensated Absences:

The Clerk accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

H. ACCOUNTS RECEIVABLE

Bad debts are charged to operations during the year in which the account is deemed uncollectible. If the reserve method of accounting for uncollectible accounts had been used, it would not have had a material effect on the financial statements.

I. COMPENSATED ABSENCES

The Clerk has the following policy related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual leave is carried over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will be paid for accrued annual leave not to exceed 280 hours.

Regardless of the number of years of service, sick leave amounts to twelve days per year and accumulates each pay period. Sick leave carries over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will not be paid for any accumulated sick leave.

At June 30, 2010, and 2009, employees of the Clerk had accumulated and vested \$696,975 and \$682,150, respectively, of annual leave benefits, which was computed in accordance with Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*.

J. TOTAL COLUMN ON THE FINANCIAL STATEMENTS

The total column on the statement of fiduciary net assets-agency funds is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

K. ENCUMBRANCES

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the Clerk.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH

At June 30, 2010 and 2009, the Clerk has cash and cash equivalents totaling as follows:

	<u>2010</u>	<u>2009</u>
Petty cash	\$ 2,530	\$ 2,530
Interest-bearing demand deposit	32,699,698	26,654,381
Certificates of deposit	<u>18,215,233</u>	<u>18,514,888</u>
	<u>\$ 50,917,461</u>	<u>\$ 45,171,799</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it. The Clerk's office does not have a deposit policy for custodial credit risk. As of June 30, 2010, and 2009, none of the Clerk's deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by the Federal Reserve Bank in a three way custodial account.

NOTE 3: RECEIVABLES

The receivables at June 30, 2010 and 2009, consisted of the following:

	<u>2010</u>	<u>2009</u>
Class of receivables:		
Trade accounts	\$ 323,902	\$ 617,507
Miscellaneous	<u>59,283</u>	<u>63,982</u>
Total	<u>\$ 383,185</u>	<u>\$ 681,489</u>

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: PAYABLES

The payables at June 30, 2010 and 2009, consisted of the following:

	<u>2010</u>	<u>2009</u>
Class of receivables:		
Trade payables	\$ 66,652	\$ 131,545
Judicial expense-building fund	277,290	325,560
Escrow accounts	<u>170,052</u>	<u>160,152</u>
Total	<u>\$ 513,994</u>	<u>\$ 617,257</u>

NOTE 5: CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>2010</u>	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Furniture, Equipment, and Improvements	\$8,737,498	\$ 99,342	\$144,361	\$8,692,479
Less accumulated depreciation	<u>5,985,399</u>	666,845	132,545	<u>6,519,699</u>
Capital assets, net	<u>\$2,752,099</u>			<u>\$2,172,780</u>
 <u>2009</u>	 Balance <u>July 1, 2008</u>	 <u>Additions</u>	 <u>Deletions</u>	 Balance <u>June 30, 2009</u>
Furniture, Equipment, and Improvements	\$8,702,343	\$ 43,085	\$7,930	\$8,737,498
Less accumulated depreciation	<u>5,279,203</u>	714,126	7,930	<u>5,985,399</u>
Capital assets, net	<u>\$3,423,139</u>			<u>\$2,752,099</u>

NOTE 6: PENSION PLAN

Plan description

All eligible employees of the Clerk are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer public employee defined benefit pension plan administered by a separate board of trustees.

All regular employees are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service prior to July 1, 1999, and 3.33% for each year of credited service after June 30, 1999, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Funding Policy

Plan members are required by state statute to contribute 8.25% of their annual covered salary and, the Clerk is required to contribute at an actuarially determined rate. The current rate is 14.75%. Contributions to the System also included one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk's contributions to the System for the years ended June 30, 2010, 2009, and 2008, were \$970,117, \$777,768, and \$802,549, respectively, and were equal to the required contributions for each year.

Effective July 1, 1999, the Clerk could elect to pay all or a portion of the 8.25% employee retirement contribution, which would otherwise be deducted from the employees' salaries. This election can be changed annually by the Clerk. The Clerk elected to implement this policy for the years ended June 30, 2009, 2008, and 2007. The contributions to the System under this election were \$479,355, \$507,331, and \$545,921, respectively for the years ended in 2010, 2009, and 2008.

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Clerk maintains a self-funded medical and dental plan covering current and retired employees and their dependents. Retirees are also eligible to continue life insurance benefits with a reduced benefit amount. To be eligible to continue coverage, retired employees must be eligible for retirement under the Clerks' of Court Retirement & Relief Fund and must be actively employed at the time of retirement.

All full-time employees of the Clerk may, at their option, participate in the employees' group life, health, and dental insurance programs sponsored by the East Baton Rouge Parish Clerk of Court and administered by outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year by the Clerk.

Plan description:

The Clerk's OPEB Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members. The Plan does not issue a publicly available report.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

Retirees may continue coverage in accordance with current policies of the Clerk's office. Based on current practices, upon retirement, a totally vested employee may continue their coverage by paying the premiums determined in accordance with current policies.

Funding policy:

The contribution requirements of the employees/retirees and the Clerk are established in the annual operating budget and may be amended. The contributions are based on projected pay-as-you-go financing. The employer contribution to the OPEB plan for 2010 totaled \$233,942. Plan members receiving benefits contributed \$39,427, or approximately 53% of the total premiums, through their required contribution of \$100 per month for individual coverage and \$150 per month for family coverage.

Annual OPEB cost and net OPEB obligation:

The Clerk's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. Since 2008 was the initial year of implementation of GASB Statement No. 45, there was no net OPEB obligation at the beginning of that year and only three years of trend information is available. The ARC was calculated as part of the July 1, 2009, actuarial valuation performed by an outside actuary consultant. The following table shows the components of the Clerk's annual OPEB cost for 2010 and 2009 and the amount actually contributed to the plan during those years.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual required contribution (ARC)	\$ 856,258	\$1,012,678	\$ 1,012,678
Interest on net OPEB obligation	66,220	33,159	-
Adjustment to ARC	<u>(63,260)</u>	<u>(27,632)</u>	<u>-</u>
Annual OPEB cost (expense)	859,217	1,018,205	1,012,678
Less: contributions made	<u>(233,942)</u>	<u>(191,686)</u>	<u>(183,709)</u>
Increase in net OPEB obligation	625,276	826,519	828,969
Net OPEB obligation-beginning of year	<u>1,655,488</u>	<u>828,969</u>	<u>-</u>
Net OPEB obligation-end of year	<u><u>\$2,280,763</u></u>	<u><u>\$1,655,488</u></u>	<u><u>\$ 828,969</u></u>

Trend information for the OPEB plan:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of annual OPEB <u>Cost contributed</u>	Net OPEB <u>Obligation</u>
06/30/08	\$1,012,678	18.1%	\$ 828,969
06/30/09	1,018,205	18.8%	\$1,655,488
06/30/10	859,217	27.2%	\$2,280,763

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

Funding status and funding progress:

As of July 1, 2009, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability (AAL) for benefits was \$11,915,861 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Clerk are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Schedule of funding progress for the OPEB plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
07/01/07	-0-	\$11,180,124	\$11,180,124	0.00%	5,799,842	192.8%
07/01/09	-0-	\$11,915,861	\$11,915,861	0.00%	6,209,905	191.9%

Actuarial methods and assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry-Age Normal Actuarial Cost Method was used for July 1, 2009, actuarial valuation. Because the Clerk currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investments that are expected to be used in financing the payment of benefits). The actuarial assumptions included 4% investment rate of return, compounded annually. Life expectancies were based on the 1994 Uninsured Pensioner Mortality Table (1-year setback for both males and females). Turnover rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan valuations, adjusted to be consistent with recent Clerk experience. Retirement rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan retirement tables, adjusted to be consistent with recent Clerk retirements.

Both historical retiree claim costs and year 2009 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 3.00%, the plan assumed a medical inflation rate of 10% beginning in 2008, decreasing .5% per year through 2015 and leveling off at 6%. The actuarial valuation also assumes that (1) 75% of future eligible employees are assumed to be participate in the medical and dental plans at retirement; (2) 75% of future eligible employees are assumed to participate in life insurance benefits (2) female spouses are assumed to be two years younger than males; (3) 25% of employees married at retirement will elect spousal coverage; (4) 0% of employees will have dependent children at retirement; (5) 100% of employees will elect Medicare coverage when they are first eligible.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 5% per annum. The remaining amortization period at July 1, 2009, was twenty-eight years.

NOTE 8: CHANGES IN AGENCY FUND BALANCES

A summary of the changes in agency fund unsettled deposits for the years ended June 30, 2010 and 2009 follows:

<u>2010</u>	Advance Deposit Fund	Registry of the Court	Bond Fund	Total
Unsettled deposits beginning of year	\$ 28,514,550	\$ 12,401,450	\$ 3,416,594	\$ 44,332,594
Additions:				
Deposits	17,189,353	15,318,583	44,158	32,552,094
Interest earned	-	23,643	4,446	28,089
Total additions	<u>17,189,353</u>	<u>15,342,226</u>	<u>48,604</u>	<u>32,580,183</u>
Reductions:				
Clerk's costs	6,575,937	-	-	6,575,937
Settlements to litigants	-	9,299,740	1,387,259	10,686,999
Refunds	1,574,801	-	-	1,574,801
Other	<u>7,189,662</u>	<u>-</u>	<u>-</u>	<u>7,189,662</u>
Total reductions	<u>15,340,400</u>	<u>9,299,740</u>	<u>1,387,259</u>	<u>26,027,399</u>
Unsettled deposits end of year	<u>\$ 30,363,503</u>	<u>\$ 18,443,936</u>	<u>\$ 2,077,939</u>	<u>\$ 50,885,378</u>
<u>2009</u>	Advance Deposit Fund	Registry of the Court	Bond Fund	Total
Unsettled deposits beginning of year	\$ 25,874,106	\$ 9,709,205	\$ 3,649,189	\$ 39,232,500
Additions:				
Deposits	16,023,791	7,079,938	203,013	23,306,742
Interest earned	-	134,077	51,851	185,928
Total additions	<u>16,023,791</u>	<u>7,214,015</u>	<u>254,864</u>	<u>23,492,670</u>
Reductions:				
Clerk's costs	5,563,413	-	-	5,563,413
Settlements to litigants	-	4,521,770	487,459	5,009,229
Refunds	1,243,513	-	-	1,243,513
Other	<u>6,576,421</u>	<u>-</u>	<u>-</u>	<u>6,576,421</u>
Total reductions	<u>13,383,347</u>	<u>4,521,770</u>	<u>487,459</u>	<u>18,392,576</u>
Unsettled deposits end of year	<u>\$ 28,514,550</u>	<u>\$ 12,401,450</u>	<u>\$ 3,416,594</u>	<u>\$ 44,332,594</u>

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities transactions during the year:

<u>2010</u>	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2010</u>
Compensated absences	\$ 682,150	\$ 14,807	-	\$ 696,957
Net other postemployment benefit obligation	1,655,488	625,275	-	2,280,763
Total	<u>\$ 2,337,638</u>	<u>\$ 640,082</u>	<u>\$ -</u>	<u>\$ 2,977,720</u>
<u>2009</u>	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2009</u>
Compensated absences	\$ 643,389	\$ 38,761	-	\$ 682,150
Net other postemployment benefit obligation	828,969	826,519	-	1,655,488
Total	<u>\$ 1,472,358</u>	<u>\$ 865,280</u>	<u>\$ -</u>	<u>\$ 2,337,638</u>

NOTE 10: EXCESS FUND BALANCE

Louisiana R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk must pay the parish treasurer the portion of the general fund's fund balance that exceeds one-half of the revenues earned during the Clerk's last year of his or her term of office. At June 30, 2010 and 2009, there was no amount due the parish treasurer as this was not the last year of the Clerk's four year term of office, and no determination of the amount that will be due, if any, can be made at this time.

NOTE 11: RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Clerk carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Workmens' compensation coverage is maintained by paying premiums to a commercial insurance carrier. The premium is based upon accident history and administrative costs.

The Clerk provides health care benefits for its employees through its self-funded employee medical benefit plan. This program provides employee health benefit coverage up to \$50,000 per insured per year. The Clerk purchases commercial insurance for claims in excess of this annual threshold. Several claims exceeded the commercial threshold during the fiscal year ended June 30, 2010.

The claims liabilities of \$368,243 and \$240,401 reported at June 30, 2010 and 2009, is based on the requirement of Government Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

As required by GASB 10, a reconciliation of the unpaid claims liability is shown below:

	<u>2010</u>	<u>2009</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 240,401	\$ 302,299
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	2,153,995	2,150,953
Increase (decrease) in provision for insured events of prior fiscal years	<u>183,865</u>	<u>(2,551)</u>
Total incurred claims and claim adjustment expenses	2,337,860	2,148,402
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	1,785,753	1,910,552
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>424,265</u>	<u>299,748</u>
Total payments	<u>2,210,018</u>	<u>2,210,300</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 368,243</u>	<u>\$ 240,401</u>

NOTE 12: DEFERRED COMPENSATION PLANS

The Clerk adopted two Internal Revenue Code Section 457 deferred compensation plans, one in November 1993 and the other in September 1997. The plans, available to all Clerk employees, permit them to defer a portion of their salary until future periods. Participation in the plan is optional. Effective with the first payroll in 2005, the Clerk has offered a match up to 6 percent of employee contributions. To be eligible for the matching contribution, eligible employees must be full-time staff with benefits who are vested in the Louisiana Clerks' of Court Retirement and Relief Fund. The Clerk's contributions for the years ending June 30, 2010, and 2009, were \$160,552 and \$150,461, respectively.

NOTE 13: COMMITMENTS AND CONTINGENCIES

The Clerk is a defendant in a class action suit brought against each of the parish clerks of court in the state of Louisiana. The suit alleges that improper fees were charged to litigants. At June 30, 2010, based on the information available, management and counsel are of the opinion that these claims are likely to be settled and the case will not come to trial. The Clerk has made an offer to settle the case. The Clerk's reasonable estimate of this liability is a range between \$100,000 and \$200,000, with no amount within that range a better estimate than any other amount; accordingly, \$150,000 was accrued.

The Clerk is also involved in several other legal actions, which arose during the ordinary course of business. Management believes that the Clerk has adequate legal defenses or insurance coverage with respect to each of these actions. However, the ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of management, the existing litigation will not materially affect the Clerk's results of operations or financial position.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: EXPENSES OF THE CLERK PAID BY THE CITY-PARISH

Certain operating expenditures of the Clerk's office are paid by the City of Baton Rouge/Parish of East Baton Rouge and are not included in the accompanying financial statements. These expenditures are summarized as follows:

Operating expenditures:	<u>2010</u>	<u>2009</u>
Juror and witness fees	<u>\$ 389,505</u>	<u>\$ 284,992</u>

NOTE 15: EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through December 29, 2010, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (SALARY FUND)
YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	AMOUNTS	
<u>REVENUES</u>				
Charges for services	\$ 11,753,000	\$ 12,173,935	\$ 12,372,627	\$ 198,692
Licenses and permits	62,000	38,000	64,512	26,512
Miscellaneous	250,300	252,700	294,836	42,136
Interest income	600,000	309,000	290,267	(18,733)
Total revenues	12,665,300	12,773,635	13,022,242	248,607
<u>EXPENDITURES</u>				
Salaries, wages, and benefits	10,659,700	11,334,000	11,106,875	227,125
Materials and supplies	417,500	438,000	462,506	(24,506)
Travel	39,000	34,000	36,851	(2,851)
Operating services	1,349,100	1,876,300	1,892,911	(16,611)
Capital outlay	200,000	400,000	99,342	300,658
Total expenditures	12,665,300	14,082,300	13,598,485	483,815
Excess(deficiency) of revenues over expenditures	-	(1,308,665)	(576,243)	732,422
Budgetary fund balance-beginning of the year	5,209,384	5,209,384	5,209,384	-
Budgetary fund balance-end of the year	\$ 5,209,384	\$ 3,900,719	\$ 4,633,141	\$ 732,422

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (SALARY FUND)
YEAR ENDED JUNE 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	AMOUNTS	
<u>REVENUES</u>				
Charges for services	\$ 12,492,900	\$ 11,353,000	\$ 11,768,363	\$ 415,363
Licenses and permits	50,000	62,000	47,130	(14,870)
Miscellaneous	250,000	250,300	204,181	(46,119)
Interest income	1,000,000	552,000	482,278	(69,722)
Total revenues	13,792,900	12,217,300	12,501,952	284,652
<u>EXPENDITURES</u>				
Salaries, wages, and benefits	10,940,500	11,223,500	11,101,858	121,642
Materials and supplies	681,000	417,500	440,214	(22,714)
Travel	31,000	39,000	43,334	(4,334)
Operating services	1,840,400	1,716,700	1,965,957	(249,257)
Capital outlay	300,000	800,000	43,085	756,915
Total expenditures	13,792,900	14,196,700	13,594,448	602,252
Excess(deficiency) of revenues over expenditures	-	(1,979,400)	(1,092,496)	886,904
Budgetary fund balance-beginning of the year	6,301,881	6,301,881	6,301,881	-
Budgetary fund balance-end of the year	\$ 6,301,881	\$ 4,322,481	\$ 5,209,384	\$ 886,904

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA
SCHEDULE OF FUNDING PROGRESS FOR
EAST BATON ROUGE PARISH CLERK OF COURT'S OPEB PLAN**

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a percentage of Covered <u>Payroll</u>
07/01/07	-0-	\$11,180,124	\$11,180,124	0.00%	5,799,842	192.8%
07/01/09	-0-	\$11,915,861	\$11,915,861	0.00%	6,209,905	191.9%

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

Finding 1. Inability to reconcile the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability.

Condition and Criteria: The individual suit balances and the corresponding unsettled deposits liability in the Clerk's Advance Deposit Fund (Fund) cannot be reconciled. The Clerk should be able to reconcile the individual suit balances to the unsettled deposits balances in the Clerk's Advance Deposit Fund.

Effect: The Clerk cannot substantiate that the amount recorded as accounts receivable is actually owed to the Fund and also cannot demonstrate that the amount recorded as unsettled deposits is actually owed to others.

Recommendation: The Clerk's office should continue its effort to reconcile the individual suit balances and the unsettled deposits liability. It should also monitor the monthly deposits to and disbursements from the Fund during the year and investigate and reconcile any outages that occur.

Management's Response: (1) As reported in response to the same finding in previous audits, the Clerk's office has implemented a new accounting application to administer the Advanced Deposit Fund. The software "went live" in February 2006. The advancements afforded by the new system have significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. (2) The Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2010. No outages in the disbursements from the Fund or deposits to the Fund occurred during the year. (3) The outage referred to in the auditors' finding is an outage between what the reconciled cash balances total and the total as calculated by the software application previously used to track these account balances. The Clerk's office will not be able to identify the cause or be able to reconcile the account without an outage of some amount being present.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

Finding 2. Incomplete recording of activity in the bank accounts maintained by the Registry of the Court.

Condition and Criteria: During our testing of account activity, we found recording discrepancies between the balances of some registry accounts and the recorded deposits, interest income, and withdrawals per the financial institutions in which those accounts were maintained. The amount of the difference was significant and correcting entries were necessary at year end.

Effect: Adjustments were necessary to properly reflect the omitted activity within the fiduciary accounts. The assets and liabilities of the fiduciary fund could be understated.

Recommendation: We recommend that account activities and balances be reconciled with the respective financial institutions bank statements at least quarterly and discrepancies be resolved as discovered. In addition, we recommend that procedures be implemented to insure that new accounts, when opened, are recorded timely in the books of the Registry. The individual Registry files should indicate the date the bank account was opened and an acknowledgment by the individual responsible for recording the new account in the books.

Management's Response: The Clerk's office will implement the following two procedures to address and eliminate a recurrence of this finding. First, the interoffice form used for the in take of funds into the registry of the court will be modified to include a signature line to indicate that the new accounts have been properly and timely set-up in the books of the registry. The form will require the responsible employee's signature or initials to indicate they have performed this function. Second, the account balances in the many registry accounts will be confirmed with the two primary fiscal agents on a quarterly basis through out the year.

**EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

Finding 1. Inability to reconcile the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability.

Condition and Criteria: The individual suit balances and the corresponding unsettled deposits liability in the Clerk's Advance Deposit Fund (Fund) cannot be reconciled. The Clerk should be able to reconcile the individual suit balances to the unsettled deposits balances in the Clerk's Advance Deposit Fund.

Effect: The Clerk cannot substantiate that the amount recorded as accounts receivable is actually owed to the Fund and also cannot demonstrate that the amount recorded as unsettled deposits is actually owed to others.

Recommendation: The Clerk's office should continue its effort to reconcile the individual suit balances and the unsettled deposits liability. It should also monitor the monthly deposits to and disbursements from the Fund during the year and investigate and reconcile any outages that occur.

Management's Response: (1) As reported in response to the same finding in previous audits, the Clerk's office has implemented a new accounting application to administer the Advanced Deposit Fund. The software "went live" in February 2006. The advancements afforded by the new system have significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. (2) The Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2009. No outages in the disbursements from the Fund or deposits to the Fund occurred during the year. (3) The outage referred to in the auditors' finding is an outage between what the reconciled cash balances total and the total as calculated by the software application previously used to track these account balances. The Clerk's office will not be able to identify the cause or be able to reconcile the account without an outage of some amount being present.